

UNITED STATES DEPARTMENT OF AGRICULTURE

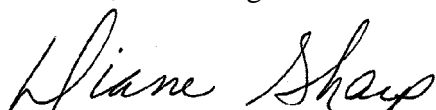
Farm Service Agency
Washington, DC 20250

Notice LP-1775

For: State and County Offices

Payment for Grazed 2001 Wheat, Barley, or Oats (GRAZE-OUT)

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

The Agricultural Risk Protection Act of 2000 (ARPA) provides for GRAZE-OUT payments instead of loan deficiency payments (LDP's), for the 2001 crop year only, to eligible producers who elect to use acreage planted to wheat, barley, or oats, for the grazing by livestock and agree to forgo any other harvesting of the commodity on this acreage during the 2001 crop year.

B

Purpose

This notice provides:

- policy and procedure on implementing GRAZE-OUT
- eligibility criteria
- procedure for applying for benefits
- payment rate
- instructions for completing CCC-633 Grazing.

C

Obsolete Notice

Notice LP-1772 is obsolete.

Disposal Date

January 1, 2002

Distribution

State Offices; State Offices relay to County Offices

3-26-01

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Notice LP-1775

2 General Information

A

Sources of Authority

The sources of authority for GRAZE-OUT payments are ARPA and the FAIR Act.

Funds for GRAZE-OUT are authorized through CCC.

B

Program Availability

GRAZE-OUT is available to producers who:

- are otherwise eligible for marketing assistance loans and LDP's, according to 8-LP
 - graze 2001 crop acreage planted to wheat, barley, or oats
 - do not harvest the same crop on the same acreage.
-

C

Policy and Procedure

County Offices shall refer to 8-LP:

- Part 1 for basic provisions
 - Part 2 for eligibility requirements
 - Part 9, Section 7 for calculating CCC-determined value.
-

D

Regulations

Regulations for GRAZE-OUT are:

- provided in 7 CFR Part 1421, Subpart – Grazing Payments for 2001 Crop of Wheat, Barley, or Oats
 - available on BBS
 - available on the PSD home page at <http://www.fsa.usda.gov/dafp/psd/>.
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2 General Information (Continued)

E

Eligibility Requirements

GRAZE-OUT payments are subject to the same basic eligibility requirements as commodity loans and LDP's including, but not limited to:

- payment limitation
 - person determinations
 - beneficial interest
 - misaction or misinformation
 - offsets
 - death, incompetency, disappearance, or dissolution of a producer.
-

F

Application Period

Application for GRAZE-OUT begins on the first day of mechanical harvest as determined by COC and ends on August 31, 2001. Producers may file an application for GRAZE-OUT anytime during this application period.

Late-filed provisions will not apply to GRAZE-OUT. Applications received or requested after COB, August 31, 2001, including FAXed or mailed applications, will **not** be approved. In these cases, accept and disapprove the application in the normal manner.

3 GRAZE-OUT Definitions

A

Definitions Applicable to GRAZE-OUT

The following definitions are applicable to GRAZE-OUT.

- Average county yield per harvested acre of the crop (ACY) approved by STC is NASS data using an Olympic average based on 1995 through 1999 crop years or otherwise established based on other factors, such as historical data or similar counties, if NASS data is not available for that crop in that county.
 - Commodities mean 2001 crop wheat, barley, or oats.
 - Eligible cropland is any acreage planted to 2001 crop wheat, barley, or oats that is:
 - covered by an AMTA contract
 - either of the following:
 - classified as cropland on FSA farm records
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3 GRAZE-OUT Definitions (Continued)

A

Definitions Applicable to GRAZE-OUT (Continued)

- has been cropped in the last 3 years or determined by COC to be acreage in a normal crop rotation.
 - Established yield for the crop on the farm (EY) is the farm program payment yield for wheat, barley, or oats.
 - Normal crop rotation is any number of years in a rotation cycle as determined by COC based on normal cropping practices in the county.
 - Requested grazed acreage is the acreage requested on CCC-633 Grazing.
 - Requested tract and field location is the tract and field location requested on CCC-633 Grazing.
-

4 Specific GRAZE-OUT Eligibility Requirements

A

Eligible Producer

An eligible producer for GRAZE-OUT purposes is any producer who:

- plants wheat, barley, or oats as a landowner, landlord, tenant, or sharecropper on a PFC farm
 - meets the requirements according to 8-LP, Part 2
 - is certified on the acreage report as sharing in the wheat, barley, or oats intended for grazing
 - requests GRAZE-OUT payments on CCC-633 Grazing before August 31, 2001
 - agrees to forgo any other harvesting of the commodity on eligible acreage planted for the grazing by livestock
 - retains control, title, and risk of loss in the commodity from the date of planting through the date the crop is considered grazed out and no further harvesting is made of the crop
 - agrees that the requested acreage is not eligible for any other market assistance loans or LDP's for the crop.
-

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4 Specific GRAZE-OUT Eligibility Requirements (Continued)

B

Eligible Acres

Eligible acreage for GRAZE-OUT purposes is any acreage of wheat, barley, or oats that meets all of the following:

- is planted on a farm having PFC
- is certified on an acreage report as intended for grazing only
- is not harvested by any means other than grazing.

Note: Any acreage certified as grain is not eligible for any GRAZE-OUT payment and any acreage certified for grazing is not eligible for disaster benefits, as applicable.

C

Grazing Leases and Eligibility

Producers who lease cropland for grazing on a gain or per head per month basis only **before** the mechanical harvest date are:

- not considered to have lost beneficial interest
- eligible for GRAZE-OUT payments on the eligible commodity grazed **after** the mechanical harvest date.

Producers who maintain beneficial interest in the crop on or **after** the mechanical harvest date are eligible for GRAZE-OUT payment as long as:

- no other mechanical harvest occurs
- all other eligibility requirements are met.

Producers are **not** eligible for GRAZE-OUT payments regardless of when beneficial interest is lost if any of the following occur:

- beneficial interest is lost and later regained
 - the crop is cash-leased
 - the crop or farm is sold
 - the crop is leased for grazing on a flat per acre rate
 - no grazing occurred
 - mechanical harvest occurred.
-

5 Filing Applications

A

Filing CCC-633 Grazing

Producers must request GRAZE-OUT payments on CCC-633 Grazing by FSN.

Any producer or any number of producers who share in the grazing of the acreage can request CCC-633 Grazing.

If multiple producers share in the acreage:

- all signatures must be obtained before the request is considered complete
- the shares must equal 100 percent of the share of the grazed acreage.

See Exhibit 1 for instructions on completing CCC-633 Grazing. CCC-633 Grazing will be available in PDF format on BBS under the National Forms Library, from the PSD home page, and the FFAS Intranet website. The PSD website is <http://www.fsa.usda.gov/dafp/psd> and the FFAS Intranet website is <http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>. State Offices shall locally reproduce CCC-633 Grazing, as applicable.

B

Requests

Eligible producers can obtain CCC-633 Grazing from the Administrative County Office for the farm as follows:

- in person
- by mail
- by telephone
- by facsimile.

Applications may also be downloaded by the producer from the Internet located at <http://www.fsa.usda.gov/dafp/psd>.

All applications, including applications requested by mail, telephone, facsimile, or downloaded from the Internet, must be completed correctly, signed, and returned to the Administrative County Office by COB August 31, 2001, to be considered an eligible request.

Continued on the next page

5 Filing Applications (Continued)

B Requests (Continued)

Eligible producers must request CCC-633 Grazing:

- after the date COC determines that wheat, barley, or oats is normally mechanically harvested for the crop year for that applicable county
- no later than COB, August 31, 2001.

Note: COC shall determine and document in the COC minutes the beginning harvest date in the county for wheat, barley, and oats. This will be the earlier of the first date of normal harvest for wheat, barley, and oats harvested as other than grain or wheat, barley, and oats harvested as grain.

C Producer Self- Certification

Eligible producers must file CCC-633 Grazing for acres grazed or to be grazed showing the actual tract and field location. In addition, the acreage and intended use must be certified on FSA-578.

Because the producer certifies that this information is correct, no additional documentation is requested from the producer at time of the request.

Note: An incorrect certification can cause a producer to lose benefits.

D COC Approval

COC, or designee, shall approve CCC-633 Grazing when:

- it is determined that all eligibility requirements have been met
 - FSA-578 has been completed for the acreage for the farm
 - the producer has provided supporting evidence of purchasing and planting commodities and classes of commodities not previously grown or predominately produced in the county, as applicable.
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6 Payment Rate and Calculations

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GRAZE-OUT Payment Rate

The GRAZE-OUT payment rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value for the county where the farm is located. Use the rate in effect until the next rate change.

County Offices shall refer to 8-LP, Part 9, Section 7 for calculating the CCC-determined value.

B

Effective GRAZE-OUT Payment Rate

The GRAZE-OUT payment rate is the rate in effect on the day the request is completed.

The request date is the day the Administrative County Office receives a completed CCC-633 Grazing.

CCC-633 Grazing is complete when all applicable:

- entries have been completed by the producer according to paragraph 5
- all applicable producer signatures have been obtained.

Calculate the GRAZE-OUT payment rate by multiplying the actual grazed acreage requested for grazing times the applicable yield times the payment rate.

C

Applicable Yield

For GRAZE-OUT, the yields are defined as follows:

- established yield (EY) is the farm program yield used for PFC payments
 - average county yield (ACY) is a blended yield based on NASS data using an Olympic average for 1995 through 1999 crop years, or other sources if NASS data is not available and will be issued in a future LP notice.
-

Continued on the next page

6 Payment Rate and Calculations (Continued)

C

Applicable Yield (Continued)

For all cases, determine the GRAZE-OUT payment yields using the higher of the following:

- EY
- ACY.

Note: Any acreage certified as grain is not eligible for any GRAZE-OUT payment and any acreage certified for grazing is not eligible for disaster benefits, as applicable.

7 Compliance

A

Spot Checks

County Offices shall spot-check 5 percent, but not less than 1, of all approved CCC-633 Grazing to ensure that the producers complied with approved policy and procedure.

Use the following procedures to implement spot checks:

- by COB September 30, 2001, select 1 out of every 20 CCC-633 Grazing applications approved for GRAZE-OUT
 - notify each contact producer of the selected spot check by telephone to:
 - inform them that a spot check is being completed for the GRAZE-OUT
 - request supporting documentation to verify:
 - seed purchased for commodities and classes of commodities not previously grown or predominately produced in the county, if the commodity or class requested on CCC-633 Grazing is not normal for this producer
 - wheat, barley, and oats meet the United States Standards for Grain, as applicable
 - verify that the grazed acreage and the requested tract and field location on CCC-633 Grazing is the actual grazed acreage and the actual tract and field as certified on FSA-578.
-

Continued on the next page

7 Compliance (Continued)

B

COC

Determination

COC shall determine whether any differences were detected from the spot check.

If differences cannot be resolved, the producer:

- is not eligible for the GRAZE-OUT payment
- must refund the payment with interest from the date of disbursement through the date the refund is received in the County Office.

If refunds are not paid by the due date, establish a claim according to 58-FI in the normal manner.

C

**Misrepresentation,
Scheme, or Device**

Any person who is determined by STC or COC to have committed any of the following violations shall be ineligible to receive payments under GRAZE-OUT:

- adopted any scheme or device that tends to defeat the purpose of GRAZE-OUT
 - made any fraudulent representation
 - misrepresented any fact affecting a program determination.
-

D

**Maintaining
Records**

Producers requesting GRAZE-OUT payment shall maintain records for a period of 3 years after the date of the payment to document that eligibility requirements are met.

CCC-633 Grazing, Grazing Payment Program Application

A

Completing CCC-633 Grazing

Complete CCC-633 Grazing according to this table, if the producer is **requesting GRAZE-OUT** at the County Office. CCC-633 Grazing shall be completed by FSN and crop.

All persons who share in the grazed acreage must be included on one CCC-633 Grazing.

Item	Instructions
Items 1 through 5 are completed by the County FSA Office.	
1	No entry is needed.
2	Enter FSN and the application number assigned by APSS after CCC-633 Grazing has been recorded in APSS. (County Office use)
3	Enter the name and address of the applicable County Office.
4	Enter the applicable State code. (County Office use)
5	Enter the applicable county code.
Part A, items 6 through 14 are completed by the producer.	
6	Enter the producer's name, address, and telephone number. This will be the contact producer if more than 1 producer shares in the grazed acreage.
7	Check the type of commodity grazed.
8	Enter the class, as applicable.
9 through 12	Check the applicable box in response to each question.
13	Enter the actual or estimated grazing period. Example: March 1, 2001, through May 1, 2001.
14 A	Enter the requested acres that have been or will be grazed.
14 B	Enter the corresponding tract/field location.
Part B, items 15 through 21 are completed by the County FSA Office.	
15	Enter the total acreage requested from item 14 A. County Offices shall ensure that the tract/field location certified on FSA-578 is equal to the tract/field location requested by the producer in item 14 B.
16	Enter the yield, as applicable. This is the higher of the average county yield or the established farm yield.

Continued on the next page

CCC-633 Grazing, Grazing Payment Program Application (Continued)

A
Completing
CCC-633
Grazing
(Continued)

Item	Instructions
17	Enter the result of item 15 multiplied times item 16.
18	Enter the county where the commodity was grazed if different than the Administrative FSA County Office.
19	Enter the date the request is completed.
20	Enter the payment rate applicable to the date in item 19.
21	Enter the result of item 17 multiplied times item 20.
Part C, item 22 is to be completed by the producer.	
22	After reading the certification statement, all producers shall sign, provide ID number, date, and indicate share, as applicable.
Item 23 is to be completed by the FSA County Office.	
23	COC or designee shall approve or disapprove CCC-633 Grazing, sign, provide title, and date, as applicable. Note: Do not approve if producer is not in compliance. Provide a copy to the producer, as applicable.

Continued on the next page

CCC-633 Grazing, Grazing Payment Program Application (Continued)

B
Example of
CCC-633
Grazing

The following is an example of CCC-633 Grazing.

CCC-633 GRAZING U.S. DEPARTMENT OF AGRICULTURE (03-08-01) Farm Service Agency		ITEMS 1 THROUGH 6 ARE COMPLETED BY THE FSA OFFICE											
GRAZING PAYMENT PROGRAM APPLICATION See Reverse Side for Privacy Act		1. PROGRAM YEAR 2001	2A. FSN NO.										
		2B. APPLICATION NO.											
		3. FSA COUNTY OFFICE NAME & ADDRESS (Including ZIP Code)											
		4. STATE CODE	5. COUNTY CODE										
NOTE: The authority for collecting the following information is Pub. L. 106-224. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1996.													
PART A - ELIGIBILITY (ITEMS 6 THROUGH 14B ARE FILLED OUT BY THE PRODUCER)													
6. CONTACT PRODUCER'S NAME, ADDRESS, & TELEPHONE NUMBER		7. TYPE OF COMMODITY (Please check type of crop below)											
TELEPHONE NUMBER: ()		<input type="checkbox"/> Wheat <input type="checkbox"/> Barley <input type="checkbox"/> Oats											
		8. CLASS (For Wheat Only)											
Check "Yes" or "No" in the applicable box in Items 9 through 12.		YES	NO										
9. Do you agree to forgo any other type of harvest on this acreage for the purpose of grazing livestock only?													
10. Do you understand that the grazed acres requested for payment must equal the actual grazed acres?													
11. Do you understand that if you are out of compliance, you may be ineligible for payment?													
12. Do you understand that payments will be made after you have certified all your crop acreage?													
13. GRAZING PERIOD (Actual or Estimate)	14. REQUESTED GRAZED ACRES												
	<table border="1"> <thead> <tr> <th>A. Requested Acres</th> <th>B. Tract/Field Location</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>			A. Requested Acres	B. Tract/Field Location								
A. Requested Acres	B. Tract/Field Location												
PART B - PAYMENT INFORMATION AND CALCULATION (ITEMS 15 THROUGH 21 ARE FILLED OUT BY FSA OFFICE)													
15. Total Actual Grazed Acres	16. Yield (EY-ACY)	17. Total Quantity (Item 15 times Item 16)	18. County Where Acres Grazed										
			19. Request Date										
			20. Payment Rate										
			\$										
			21. Payment Amount (Item 17 times Item 20)										
			\$										
PART C - PRODUCER'S CERTIFICATION													
I certify that all information entered on this application is true and correct and all persons involved in the share of grazing acres for livestock in lieu of any harvest have included their share of acres grazed for livestock from the farm. I understand that by completing this application I agree to forgo any other type of harvest on acreage planted to 2001 crop wheat, barley, or oats for the purpose of grazing livestock only. I further understand that: (1) this payment is in lieu of a loan deficiency payment; (2) all eligibility requirements must be met under the marketing assistance loan program before payment can be made except for beneficial interest, which must be maintained through the grazing period; and (3) to ensure that all program eligibility requirements are met for this payment, my application may be selected for spot check. If my application is selected for spot check, I may be required to provide supporting documentation to determine payment eligibility. Providing a false certification to the government is punishable by imprisonment, fines, and other penalties. All information provided herein is subject to verification by the Farm Service Agency. The provision of criminal and civil fraud statutes that apply to this certification, includes 18 USC 286, 297, 371, 641, 651, 1001, and 1014; USC 714m; and 31 USC 3729.													
22A. SIGNATURE OF PRODUCER	22B. PRODUCER'S IDENTIFICATION NUMBER	22C. DATE	22D. SHARE										
			%										
			%										
			%										
			%										
			%										
FOR FSA OFFICE USE ONLY													
23A. SIGNATURE OF FSA APPROVING OFFICIAL	23B. TITLE	23C. DATE											
<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved													

Continued on the next page

CCC-633 Grazing, Grazing Payment Program Application (Continued)

B
Example of
CCC-633
Grazing
(Continued)

CCC-633 GRAZING (03-08-01) REVERSE

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is Public Law 106-224. The information will be used to determine eligibility in accordance with the requirements of the regulation for applicants who are requesting Grazing Payments in Lieu of Loan Deficiency Payment Program benefits. Furnishing the requested information is voluntary, however, failure to furnish the requested information will result in a determination of ineligibility for Grazing in Lieu of Loan Deficiency Payment Program benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes that apply to this certification, includes 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

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